

For the Nuclear Regulatory Commission.
Michael J. Case,
*Acting Director, Project Directorate I-I,
 Division of Reactor Projects—I/II, Office of
 Nuclear Reactor Regulation.*
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OFFICE OF MANAGEMENT AND BUDGET

Office of Federal Procurement Policy

Federal Acquisition Regulation (FAR) REWRITE

AGENCY: Office of Federal Procurement Policy, Office of Management and Budget.

ACTION: Notice of Core Guiding Principles for the Federal Acquisition System.

SUMMARY: The Board of Directors for the FAR Rewrite Project finalizes the core guiding principles for the federal acquisition system.

DATES: Effective January 20, 1995.

FOR FURTHER INFORMATION CONTACT: Susan E. Alesi, Special Assistant for Regulations, Office of Federal Procurement Policy, 202-395-6803.

SUPPLEMENTARY INFORMATION: On September 7, 1993, the Vice President released the report of the National Performance Review (NPR) which, among other things, requires the Administration to simplify the procurement process through reform of the federal acquisition regulatory system. In response to the report, Steve Kelman, the Administrator for Federal Procurement Policy, established a Board of Directors, comprised of senior level individuals from the Executive Branch, to develop a plan for regulatory reform.

As a first step the Board decided to formulate a set of core guiding principles intended as a vision statement for the federal acquisition system. The Board also decided to supplement the basic principles with accompanying discussion and performance standards for the system.

The first drafts of principles (59 FR 26772 and 59 FR 52844) drew on the concepts espoused by the NPR and what the Board considered to be good business practices such as greater reliance on the good sense and business judgment of the procurement workforce; satisfying the needs of the customer; reducing unnecessary layers of review; emphasizing the importance of timeliness in the procurement process; and an orientation to best value judgments in making contract awards.

The final version of the principles clarifies the principles set forth in the first draft and includes an additional concept, suggested through the public comment process, which the Board believes would significantly increase the opportunity for innovation in procurement. Thus, the revised set of principles make it clear that if a policy is not specifically addressed in the FAR, Government members of the acquisition team should not assume that it is prohibited.

It is intended that the core principles be used in a twofold manner; first, they will be issued in the preface to the FAR not only as a statement of the goals of the system but also to guide future changes to the FAR; and second, they will be used by the drafting teams in the actual rewrite of the FAR.

We encourage agencies to make this statement of core guiding principles available to program customers and contractors, and to make the core principles a part of the basic training materials provided to all personnel involved in the acquisition process.

Statement of Guiding Principles Federal Acquisition System

The vision for the Federal Acquisition System is to deliver on a timely basis the best value product or service to the customer, while maintaining the public's trust and fulfilling public policy objectives. Participants in the acquisition process should work together as a team and should be empowered to make decisions within their area of responsibility.

The Federal Acquisition System will:

- * satisfy the customer in terms of cost, quality, and timeliness of the delivered product or service, by, for example,
 - ** maximizing the use of commercial products and services,
 - ** using contractors with a track record of successful past performance or who demonstrate a current superior ability to perform, and
 - ** promoting competition;
 - * minimize administrative operating costs;
 - * conduct business with integrity, fairness, and openness; and
 - * fulfill public policy objectives.

The Acquisition Team consists of all participants in Government acquisition including not only representatives of the technical, supply and procurement communities but also the customers they serve, and the contractors who provide the products and services.

The role of each member of the Acquisition Team is to exercise personal initiative and sound business judgment in providing the best value product or

service to meet the customer's needs. In exercising initiative, Government members of the Acquisition Team may assume that if a specific strategy, practice, policy or procedure is in the best interests of the Government and is not addressed in the FAR, nor prohibited by law (statute or case law), Executive Order or other regulation, that the strategy, practice, policy or procedure is a permissible exercise of authority.

Discussion

Introduction

The Statement of Acquisition Guiding Principles for the Federal Acquisition System (System) represents a concise statement designed to be user-friendly for all participants in Government acquisition. The following discussion of the principles is provided in order to illuminate the meaning of the terms and phrases used. The framework for the System includes the Guiding Principles for the System and the supporting policies and procedures in the Federal Acquisition Regulation (FAR).

Vision

All participants in the System are responsible for making acquisition decisions that deliver the best value product or service to the customer. Best value must be viewed from a broad perspective and is achieved by balancing the many competing interests in the System. The result is a system which works better and costs less.

Performance Standards

- Satisfy the Customer in Terms of Cost, Quality, and Timeliness of the Delivered Product or Service

The principle customers for the product or service provided by the System are the users and line managers, acting on behalf of the American taxpayer.

The System must be responsive and adaptive to customer needs, concerns, and feedback. Implementation of acquisition policies and procedures, as well as consideration of timeliness, quality, and cost throughout the process, must take into account the perspective of the user of the product or service.

When selecting contractors to provide products or perform services, the government will use contractors who have a track record of successful past performance or who demonstrate a current superior ability to perform.

The government must not hesitate to communicate with the commercial sector as early as possible in the acquisition cycle to help the

government determine the capabilities available in the commercial marketplace. The government will maximize its use of commercial products and services in meeting Government requirements.

It is the policy of the System to promote competition in the acquisition process.

The System must perform in a timely, high quality, and cost-effective manner.

All members of the Team are required to employ planning as an integral part of the overall process of acquiring products or services. Although advance planning is required, each member of the Team must be flexible in order to accommodate changing or unforeseen mission needs. Planning is a tool for the accomplishment of tasks, and application of its discipline should be commensurate with the size and nature of a given task.

- **Minimize Administrative Operating Costs**

In order to ensure that maximum efficiency is obtained, rules, regulations, and policies should be promulgated only when their benefits clearly exceed the costs of their development, implementation, administration, and enforcement. This applies to internal administrative processes, including reviews, and to rules and procedures applied to the contractor community.

The System must provide uniformity where it contributes to efficiency or where fairness or predictability is essential. The System should also, however, encourage innovation, and local adaptation where uniformity is not essential.

- **Conduct Business With Integrity, Fairness, and Openness**

An essential consideration in every aspect of the System is maintaining the public's trust. Not only must the System have integrity, but the actions of each member of the Team must reflect integrity, fairness and openness. The foundation of integrity within the System is a competent, experienced, and well-trained, professional workforce. Accordingly, each member of the Team is responsible and accountable for the wise use of public resources as well as acting in a manner which maintains the public's trust. Fairness and openness require open communication among team members, internal and external customers, and the public.

To achieve efficient operations, the System must shift its focus from "risk avoidance" to one of "risk management." The cost to the taxpayer of attempting to eliminate all risk is

prohibitive. The Executive Branch will accept and manage the risk associated with empowering local procurement officials to take independent action based on their professional judgment.

- **Fulfill Public Policy Objectives**

The System must support the attainment of public policy goals adopted by the Congress and the President. In attaining these goals, and in its overall operations, the process shall ensure the efficient use of public resources.

Acquisition Team

The purpose of defining the Federal Acquisition Team (Team) in the Acquisition Guiding Principles is to ensure that participants in the System are identified—beginning with the customer and ending with the contractor of the product or service. By identifying the team members in this manner, teamwork, unity of purpose and open communication among the members of the Team in sharing the vision and achieving the goal of the System are encouraged. Individual team members will participate in the acquisition process at the appropriate time.

Role of the Acquisition Team

Government members of the Team must be empowered to make acquisition decisions within their areas of responsibility, including selection, negotiation, and administration of contracts consistent with the Guiding Principles. In particular, the Contracting Officer must have the authority, to the maximum extent practicable and consistent with law, to determine the application of rules, regulations, and policies, on a specific contract.

The authority to make decisions and the accountability for the decisions made will be delegated to the lowest level within the System, consistent with law.

The Team must be prepared to perform the functions and duties assigned. The government is committed to provide training, professional development, and other resources necessary for maintaining and improving the knowledge, skills, and abilities for all Government participants on the Team, both with regard to their particular area of responsibility within the System, and their respective role as a team member. The contractor community is encouraged to do likewise.

The System will foster cooperative relationships between the government and its contractors consistent with its

overriding responsibility to the taxpayers.

The FAR outlines procurement policies and procedures that are used by members of the acquisition team. If a policy or procedure, or a particular strategy or practice is in the best interest of the Government and is not specifically addressed in the FAR, nor prohibited by law (statute or case law), Executive Order or other regulation, Government members of the Team should not assume it is prohibited. Rather, absence of direction should be interpreted as permitting the Team to innovate and use sound business judgment that is otherwise consistent with law and within the limits of their authority.

Steven Kelman,

Administrator.

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OFFICE OF PERSONNEL MANAGEMENT

Notice of Request for Reclearance of Form RI 38-115

AGENCY: Office of Personnel Management.

ACTION: Notice.

SUMMARY: In accordance with the Paperwork Reduction Act of 1980 (title 44, U.S. Code, chapter 35), this notice announces a request for reclearance of an information collection. Form RI 38-115, Representative Payee Report, is designed to collect information about how the benefits paid to a representative payee have been used or conserved for the benefit of the incompetent annuitant.

Approximately 12,200 RI 38-115 forms are completed annually. The form requires an estimated 60 minutes to complete. The total annual burden is 12,200 hours.

For copies of this proposal, contact Doris R. Benz on (703) 908-8564.

DATES: Comments on this proposal should be received on or before February 21, 1995.

ADDRESSES: Send or deliver comments to:

Lorraine E. Dettman, Chief, Operations Support Division, Retirement and Insurance Group, U.S. Office of Personnel Management, 1900 E Street NW., Room 3349, Washington, DC 20415;

and

Joseph Lackey, OPM Desk Officer, Office of Information and Regulatory Affairs, Office of Management and